Effect of WTO norms

181. SHRI SHAHID SIDDIQUI: Will the Minister of COMMERCE AND INDUSTRY and pleased to state:

(a) whether the Ministry made any study weigh pros and cons of implementation of WTO before joining it; if so, the details of its impact on Indian commerce, companies and on the small producers of medicine;

(b) whether the Ministry has any data on sector-wise impact of the WTO, if so, details thereof and if not, the reasons therefor; and

(c) what effect it will have on small companies with fewer resources?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) and (c) India had joined the WTO in 1995 after detailed domestic consultations. Membership in WTO results in rights and obligations for its Members, including India. Such rights and obligations accruing to a Member of WTO, include national treatment and most favoured nation treatment for a Member's goods and services in other WTO Member countries. Each Member is also expected to undertake specific commitments under different agreements of the WTO and these Agreements have benfited India and other developing countries in as much as a rule based, transparent and predictable multilateral trading system facilitates trade. The rule-based system provided by WTO also protects Members from unilateral action by stronger trading partners. WTO rules are applied in a size neutral manner on producers in Member countries. However, flexibilities are available to provide support to the smal scale sector by way of subsidies based on objective economic criteria related to size, like asset or turnover. The Agreement on Agriculture also recognizes the problems faced by resource poor farmers, and support to such farmers are excluded for calculation of domestic support. Developing countries like India are also eligible to extend export subsidies for transportation and handling of agricultural products destined for exports.

It is not possible to isloate the impact of WTO rules on different sectors or even the economy as a whole, because trade liberalization was undertaken by India autonomously under WTO in a phased manner, and such liberalization was also part of an economic reform process encompassing besides trade, investment, industrial and exchange rate policies.